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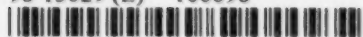
Substantive session of 1998
New York, 6-31 July 1998
Item 6 of the provisional agenda^{*}
**Integrated and coordinated implementation
of and follow-up to major United Nations
conferences and summits**

**Implementation of the agreed conclusions of the 1997
coordination segment of the Economic and Social Council on
freshwater, including clean and safe water supply and
sanitation**

Report of the Secretary-General

1. The present report reviews progress in the implementation of agreed conclusions 1997/3 of the 1997 coordination segment of the Economic and Social Council on freshwater, including clean and safe water supply and sanitation,¹ adopted by the Council at its substantive session of 1997, with respect to the streamlining of programmes and activities of the organizations of the United Nations system, and capacity-building, information management and water quality issues, as considered in those agreed conclusions.
2. In agreed conclusion 1997/3, having taken note of existing arrangements for cooperation and coordination through the Administrative Committee on Coordination (ACC) Subcommittee on Water Resources and other arrangements among specific organizations, the Council recommended that organizations of the United Nations system take further steps towards streamlining their programme and activities. The Council urged the ACC Subcommittee to analyse in detail the activities that were currently being carried out by the organizations of the system and their interrelationship and to prepare a report on the subject by the end of 1997, as a useful input into the preparatory process leading up to the sixth session of the Commission on Sustainable Development.
3. Pursuant to this recommendation, a report of the Secretary-General entitled "Activities of the organizations of the United Nations system in the field of freshwater resources" (E/CN.17/1998/3) was submitted both to the Expert Group Meeting on Strategic Approaches to Freshwater Management, held at Harare, Zimbabwe, from 27 to 30 January 1998, and to the Commission on Sustainable Development at its sixth session.
4. At its sixth session, held from 20 April to 1 May 1998, the Commission invited the ACC Subcommittee on Water Resources, as task manager for chapter 18 of Agenda 21,² to accelerate the implementation of chapter 18 by considering action to, *inter alia*: (a) identify gaps or inconsistencies in the implementation of programmes of its constituent organizations, by assessing the main features and

^{*} E/1998/100.



effectiveness of the implementation of those activities, and ensure that the mainstreaming of gender perspectives was appropriately included, (b) consider ways of increasing efficiency in programme delivery and possibilities for joint programming and (c) explore the potential of cooperation arrangements and, where appropriate, taking into account the experience gained in existing programmes in the United Nations system.³ The Commission also invited the Secretary-General to provide a report to the Commission prior to its eighth session on progress by the ACC Subcommittee on Water Resources in the above-mentioned activities.⁴

5. Note has been taken of the Council's recommendation concerning the enhanced participation of regional commissions at the sessions of the ACC Subcommittee on Water Resources. In this regard, it should be mentioned that representatives of both the Economic Commission for Europe (ECE) and the Economic and Social Commission for Asia and the Pacific (ESCAP) attended the eighteenth session of the Subcommittee, held at International Atomic Energy Agency (IAEA) headquarters in Vienna, Austria, in October 1997. The nineteenth session of the Subcommittee will be held at the headquarters of the Economic and Social Commission for Western Asia (ESCWA) in Beirut, Lebanon, in October of this year. The chief of the Water Branch of ESCAP was elected Vice-Chairperson of the Subcommittee for the nineteenth and twentieth sessions. Unfortunately, the paucity of financial resources remains a constraint on the effective participation of the commissions.

6. With regard to capacity-building, in addition to their ongoing activities, the organizations of the system, at the eighteenth session of the Subcommittee, discussed a draft system-wide strategy for human resources development in the water sector, with particular focus on the areas of formative years, vocational training and ongoing continuous training, which was presented by the representative of the United Nations Development Programme (UNDP) (see ACC/1997/18, para. 34). Major recommendations of the proposed strategy would include (a) systematic cataloguing of human resources needs, (b) prioritizing target audiences, (c) supplying schools with adequate materials, (d) special consideration for children not in schools, (e) increasing the focus on water scarcity and transboundary issues in outreach, (f) ensuring that water assessments included human resources needs, (g) special focus on gender issues and (h) distance learning to be further developed through the Internet. The members of the Subcommittee considered this initiative to be very useful as an entry point for United Nations organizations interested in the area of capacity-building and as a tool for strengthening cooperation among

Subcommittee members. The Subcommittee agreed that this proposal would be further developed by UNDP and circulated for comments. A new version of the proposal containing more specific recommendations and actual strategies is expected to be adopted at the next session of the Subcommittee and to offer a basis for the formulation of system-wide guidelines in this area.

7. The Commission on Sustainable Development, at its sixth session, called upon the international community, in particular the organizations of the United Nations system, especially UNDP, to strengthen capacity-building programmes, taking into account the special needs of developing countries, in particular the least developed countries and the specific circumstances of small island developing States, in areas such as training, institutional development and the participation of women, youth, indigenous people, and local communities in support of national efforts in this field.⁵

8. With regard to information management, the ACC Subcommittee is currently involved in two major efforts. At its eighteenth session, the Subcommittee decided that the Department of Economic and Social Affairs of the United Nations Secretariat, with the assistance of the United Nations University (UNU), would establish a specific World Wide Web page on water-related information within the new United Nations Department of Economic and Social Affairs of the United Nations Secretariat home page. This page will provide basic information on available databases within the United Nations system, and include links to the various organizations responsible for each database. The Subcommittee also agreed that UNU, through its International Network on Water, Environment and Health, would take the lead in coordinating the development of user-friendly linkages between Web sites and the strengthening of Internet access among member agencies.

9. More recently, the Commission on Sustainable Development, at its sixth session, called upon the international community, including the United Nations system, to support national efforts in information and data collection and dissemination through coordinated and differentiated action. The Commission recommended that United Nations agencies and programmes and other international bodies should, in their respective fields, support Governments in the development and coordination of relevant data and information networks at the appropriate level, carry out periodic global assessments and analyses of water resources availability (both quality and quantity) and changes in demand, to assist in identifying water-related problems and environmental issues, and promote the

broadest exchange and dissemination of relevant information, in particular to developing countries.⁶

10. The ACC Subcommittee on Water Resources, at its eighteenth session, also discussed in detail a proposal for a comprehensive global water quality initiative, an area in which the problem of non-existent or unreliable data is particularly acute. The proposal for the development of a comprehensive water quality programme based on a carefully selected global network of representative drainage basins that encompassed the broad spectrum of environments – so that future extrapolation to unmonitored basins could be achieved – was developed as a cooperative effort of the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Environment Programme (UNEP), UNU, the Department of Economic and Social Affairs of the United Nations Secretariat and the World Health Organization (WHO). It was presented to the Subcommittee by the President of the International Commission on Water Quality of the International Association of Hydrological Sciences, on behalf of a group of experts convened by UNESCO.

11. The Subcommittee agreed that a revised version of this initiative would be prepared by WHO as the lead agency, on behalf of the Global Environment Monitoring System (GEMS)/Water Programme, which is co-sponsored by WHO, UNEP, the World Meteorological Organization (WMO) and UNESCO. The initiative aims at (a) addressing quantity and quality concerns through an integrated approach, (b) linking land-use management and sustainable water management, (c) recognizing freshwater, coastal and marine environments as a management continuum, (d) recognizing water as an economic and social good and promoting cost-effective interventions, (e) supporting innovative and participatory approaches and (f) focusing on actions to improve the lives of people and the quality of their environment. Further discussions concerning the proposed initiative and modalities for its implementation will take place at the nineteenth session of the Subcommittee.

12. With regard to the Council's recommendation concerning the need to pay close attention to the issues of arsenic contamination and contamination from persistent organic pollutants (POPs), WHO is currently completing a revised health risk assessment of arsenic. This will be published in the environmental health criteria series of the International Programme on Chemical Safety. WHO and the United Nations Children's Fund (UNICEF) both provide expert advice and verification of field testing equipment for arsenic monitoring in wells in several developing countries, such as Bangladesh and India. In addition, the water quality monitoring programme of the above-mentioned

GEMS/Water Programme has established a global register of rivers flowing into the oceans so as to provide pollutant fluxes for more than 400 rivers worldwide, including POPs. Within the GEMS/Water Programme, a region-by-region survey of levels of POPs in surface waters and groundwaters is under way. A first report on the situation in the Asia/Pacific region has already been published by a Canadian water agency, on behalf of GEMS/Water.

13. The Commission on Sustainable Development, at its sixth session, echoed the Council's view concerning the need for a periodic update of a comprehensive assessment of the freshwater resources of the world and invited the ACC Subcommittee on Water Resources, as task manager for chapter 18 of Agenda 21, to arrange for the compilation and publication of such assessments.⁷ The members of the Subcommittee will discuss modalities for the preparation of an updated assessment for consideration by the Commission in the context of the next comprehensive review of progress in the implementation of Agenda 21.

14. Concern over the need to strengthen the coordination of the activities of the organizations of the United Nations system dealing with water resources at the country level and over the need to streamline programmes and activities was emphasized in the report of the ACC Subcommittee on Water Resources on its eighteenth session (ACC/1997/18, para. 15). While the Subcommittee acknowledged that the coordination of country-level activities rested primarily with the United Nations resident coordinator, it was felt that organizations of the system that were active in the field would be in a strong position to support the resident coordinator on system-wide efforts to improve coordination of and collaboration on water resources activities at the country level. The Subcommittee thus recommended that a water resources working group, led by the resident coordinator representative, be set up at the country level to improve the coordination of water resources activities of the United Nations system. Following a Subcommittee request, the resident coordinators in each country are being informed about this recommendation and about the willingness of members organizations of the Subcommittee to provide support for this task, as required, through the expertise that they may have available *in situ*.

Notes

¹ See document A/52/3, chap. IV, para. 7.

² *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992, vol. 1, Resolutions Adopted by the Conference* (United Nations publication, Sales No. E.93.1.8 and corrigendum), resolution 1, annex II.

³ *Official Records of the Economic and Social Council, 1998, Supplement No. 9 (E/1998/29), chap. I, sect. B, decision 6/1, para. 50.*

⁴ *Ibid.*, para. 51.

⁵ *Ibid.*, para. 30.

⁶ *Ibid.*, para. 23.

⁷ *Ibid.*, para. 56.

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**Economic and environmental questions: international
cooperation in tax matters****Eighth meeting of the Ad Hoc Group of Experts on
International Cooperation in Tax Matters****Report of the Secretary-General****Contents**

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* E/1998/100



Introduction

1. As requested by the Economic and Social Council in its decision 1996/299 of 25 July 1996, the eighth meeting of the Ad Hoc Group of Experts on International Cooperation in Tax Matters was held at the Palais des Nations, United Nations Office at Geneva, from 15 to 19 December 1997.

2. The Group of Experts observed that the increasing sophistication of the world economy presented significant challenges to the tax systems of the world. The development of international capital markets and transnational business had created a need to forge national, bilateral, multilateral and collective approaches to such important issues as international transfer pricing and the transfer of technology.

3. The increasing focus on international trade as manifested by the establishment of the World Trade Organization has created additional incentives to reduce, *inter alia*, tax-related barriers to exchanges of goods and services and international capital movements. Similarly, the emergence of transitional economies has necessitated greater efforts towards mobilization of domestic financial resources for development purposes and placed heavy emphasis on formulation of appropriate tax policy, improvement in tax administration and expertise in dealing with intricate problems in international taxation.

4. The work of the Group of Experts formed part of advisory services to the Secretary-General on the processes of double taxation avoidance, preventing international tax evasion and avoidance and strengthening financial resources mobilization with a view to promoting sustainable socio-economic development and improving international income allocation.

5. The eighth meeting of the Group of Experts was attended by a large number of experts and observers. The agenda was based on recommendations made at the seventh meeting, as well as on the deliberations produced and suggestions made during the informal discussions of the Steering Committee, the successor of the preparatory subgroup.

6. The informal discussions of the Steering Committee took place at the Palais des Nations, Geneva, on 11 and 12 December 1997 and concluded with the adoption of the proposed agenda, as contained in document ST/SG/AC.8/1997/L.1, which read as follows:

1. Opening of the meeting.
2. Remarks by the Director and Secretary of the Group.

3. Election of officers.
4. Adoption of the agenda and organization of work.
5. Updating of the United Nations Model Double Taxation Convention between Developed and Developing Countries and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries.
6. New financial instruments.
7. Transfer pricing.
8. Tax havens, with special reference to exchanges of information.
9. Other matters.
10. Arrangements for the ninth meeting.

7. Both the informal discussions of the Steering Committee and the Group of Experts at large examined the proposal for a series of training seminars in international taxation for tax administrators made by several countries and strongly recommended to the Secretary-General to proceed with the organization thereof.

8. It was decided that, subject to availability of extrabudgetary funds, the United Nations would arrange six interregional workshops to improve the practical technical skills of tax administrators in developing and transitional economy countries in international taxation, including practical methods and strategies for combating tax evasion.

9. The essence of the discussions on the main items in the agenda for the eighth meeting of the Groups of Experts is elaborated in the following paragraphs.

I. Tax havens, with special reference to exchanges of information

10. The Group of Experts observed that tax havens represented threats to the tax systems of both developed and developing countries and, hence, that the tax haven issue should be viewed as a cooperative effort between developed and developing countries and transitional economy countries. Tax havens compromise the principle of tax neutrality because they cause tax considerations to affect investment choices. Moreover, technological advances that facilitate immediate transfer of funds into tax havens, such as Internet commerce and electronic banking, have also contributed to their growing utility to tax evaders.

11. Several countries have adopted defences against tax haven activities, including controlled foreign corporations and foreign investment funds legislation. Many tax havens have provided bank secrecy and confidentiality rules which make it difficult for other countries to prove adequately the existence of tax fraud and other illicit activities. With a view to disclaiming overt complicity in such illegal activities, certain tax havens have come round to exchanging some tax information.

12. Although the concept of tax haven could not be defined precisely, it was noted that a tax haven possessed some of the following characteristics, namely:

- (a) Low or zero effective tax rate;
- (b) An unwillingness to share information;
- (c) A lack of transparency;
- (d) Absence of real business activity;
- (e) A special regime clearly demarcated from the domestic economy.

13. The Group of Experts agreed that it was the effective rate of tax and not the nominal rate that determined whether a country had the low tax or no-tax characteristic of a tax haven. However, developing countries offering extensive tax incentives resulting in low or negligible effective tax rate could not be considered tax havens.

14. In many tax haven countries, unpublished rulings erode the tax base, tax rates are varied to suit the taxpayers by private negotiations or the law as enacted is simply not enforced, with the result that it is the practical application of the law and not the nominal terms thereof that proves lack of transparency, which is one of the troublesome characteristics of the tax haven country.

15. The low or no-tax feature of a tax haven facilitated avoidance of taxation worldwide on income from sources in other countries. Tax havens were capable of shifting funds to their tax jurisdictions without shifting economic activities to their respective countries. The Group of Experts noted that although use of tax incentives should not be considered a tax haven characteristic, the low or no-tax regime resulted in unhealthy tax competition for attracting foreign investment. There was a need to arouse world consciousness in order to counter such undesirable tendencies.

16. The Group of Experts unanimously agreed that lack of access to tax information was a tax haven characteristic. The lack of access to information may stem from bank secrecy laws, other laws protecting the confidentiality of financial information, or laws facilitating issuance of bearer bonds and shares.

17. It was observed that the best way to facilitate access to tax information was through bilateral tax treaties with provisions for exchange of information or separate international agreements on information exchanges. These provisions should deal explicitly with bank secrecy laws of contracting countries. It may also be desirable to urge countries to abandon laws and practices that are harmful to the tax systems of other countries.

18. Some countries had been able to obtain information on transactions in tax haven countries by indirect means, such as through provisions in the tax laws requiring resident individuals and corporations to disclose all records and documents to the tax administration. These records could reflect transactions in tax haven countries as well. The tax laws may also empower the tax authorities to compel the taxpayer to produce documents pertaining to the foreign parent corporation of the domestic subsidiary one.

19. Where a taxpayer is proceeded against for a criminal action in a tax fraud case, the court may order the waiving of rights to secrecy under the laws of a tax haven country. Moreover, the defence of bank secrecy laws of a country may not prevail where criminal prosecution proceedings for tax offence are initiated in the country of residence of the taxpayer.

20. However, it was recognized by the Group of Experts that the tax haven countries flourished primarily because of their insistence on non-disclosure of information to the countries of residence of taxpayers who used the facilities offered by tax havens. Such tax haven countries were not likely to enter into bilateral tax treaties with non-tax haven countries with provisions of exchange of information since their own existence as a tax haven would then be at stake. It was also noted that developed countries with their greater economic power and highly developed legal systems were in a better position, compared with the majority of developing countries, to deal with tax havens.

II. New financial instruments

21. The Group of Experts was briefed on the complex technical aspects of the new financial instruments by the Special Adviser to the Secretary of the Group of Experts. All financial instruments could be classified into three groups, namely, financial assets (stocks and bonds); options; and forward contracts. Options come in two forms: options to buy (call options) and options to sell (puts). A person may be either the holder of an option, being the person entitled to buy or sell; or the writer of the option, being the person

required to honour the holder's right to buy or sell. Since the obligation is not reciprocal, the holder usually pays a premium to the writer when the option is issued.

22. A forward is an agreement whereby one person agrees to buy designated property at a specified future date for a specified price and the other person agrees to sell. A futures contract is a kind of forward contract traded on an organized exchange and subject to the rules of the exchange. Options and forwards are known as "derivatives" since their values fluctuate with the value of the underlying property.

23. When developing domestic rules for financial assets and derivatives, it is necessary to maintain the internal consistency of the different types of instruments. Otherwise, taxpayers using derivatives for legitimate business purposes, primarily risk management, may find such uses upset by asymmetric tax treatments, while others may exploit these discontinuities to the detriment of tax revenues.

24. Derivatives have blurred the traditional lines of demarcation between capital gains and other income, realized and other gains, dividends and interest, and various other categories. To surmount these difficulties, tax laws may remove asymmetries and arbitrage opportunities by the elimination of all categories and the imposing of a tax on net accretions to wealth, which will not be practicable.

25. Broadly speaking, income from cross-border derivatives transactions can justifiably be taxed on a "residence" basis only and such income should not be subject to withholding taxes upon payment, from practical considerations. Since derivative transactions exploit very small margins, even a small withholding tax may far exceed the margin and make the derivative transaction uneconomical.

26. While the taxation of income from derivatives on a residence basis is detrimental to the interests of revenue of developing countries which are often the "source" countries, the sharing of revenues between developed and developing countries may not be feasible since the country from which the cross-border payments emanate is not usually the economic source otherwise than on the residence basis reported by the payer. However, source taxation of income from derivatives may be justified if a derivatives transaction is carried out at arm's length but at a price differing from the market price and a payment is made from one party to another to compensate for the divergence; this payment could be construed as a loan and the interest element implicit therein might be taxed as such. When derivative transactions are carried out between related parties, the pricing may not be at arm's length and withholding taxes on the excess payments would then be justified. In fact, legislation of the

United Kingdom of Great Britain and Northern Ireland on derivatives contains three anti-abuse rules directed at such transactions, with a specific provision presuming that a derivative transaction with a tax haven country will not be carried out at arm's length.

27. There is always a possibility of double taxation if a financial transaction is classified differently by two countries – if, for example, one country treats a swap as including an embedded loan and another uncovers no such loan.

28. Since most of the countries had not as yet crystallized the legal position regarding the tax treatment of income flowing from new financial instruments, the Group of Experts decided that it was premature to make specific recommendations on this subject and that the discussions at the meeting might be treated as exchanges of information.

III. Transfer pricing

29. The Group of Experts observed that the subject of transfer pricing was still undergoing the evolution begun in 1968 when the United States of America had issued extensive transfer pricing regulations on the basis of the arm's length principle. In fact, these regulations have closely followed the modifications brought about by the Organization for Economic Cooperation and Development (OECD).

30. Transfer pricing distortions were primarily intended to appreciably reduce the aggregate tax liability of group companies belonging to multinational corporations located in different countries and subject to multiple tax jurisdictions. However, non-tax factors, such as the need to shift income artificially between divisions for political reasons and transfer of income from subsidiaries to the parent company to better ensure organizational control, may also come into play.

31. Although both the United States regulations and OECD guidelines extensively relied upon the arm's length principle, its application was often difficult in cases where, for example, developing countries could not have access to comparable prices due to a limited range of markets for many goods and services and those countries also lacked the administrative resources required to audit transfer prices. Transfer pricing problems could, however, be dealt with on a bilateral basis through exchange of information.

32. Some developing countries experimented with alternatives to the adoption of the arm's length principle, such as, the presumptive tax and the net assets values tax,

which, in certain circumstances, became the minimum alternative tax. However, experience showed that these substitute mechanisms could lead to absurd situations – cases where, for example, loss-making companies were subject to excessive taxation.

33. Recently, the United States and other countries have initiated “advance pricing agreements” (APAs). Businessmen fear, however, that these agreements could be used to audit prior years’ cases. Moreover, the procedures of APAs are found to be time-consuming and costly for both taxpayers and the tax administration, there being an additional requirement of trained and efficient staff.

34. The suggestion for setting up of a multinational arbitration framework to help resolve transfer pricing issues was not considered feasible at the present juncture in view of several organizational and practical difficulties. Moreover, the Multilateral Arbitration Convention under the European Union has not reported any arbitration cases since 1996 when the Convention took effect. The technical assistance programme prepared by the United Nations is likely to enable developing countries to upgrade the skills of their tax administrators in this area of work.

IV. Update of the United Nations Model Double Taxation Convention between Developed And Developing Countries and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries

35. The Group of Experts took note of the fact that the General Assembly, had mandated, under subprogramme 8: Public economics and public administration: activities 7A.8 (a) (ii) (d), the updating and revision of the United Nations Model Double Taxation Convention between Developed and Developing Countries¹ and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries² referred to above.

36. The desirability of promoting greater inflows of foreign investment to developing countries under conditions that are politically acceptable as well as economically and socially beneficial has been adequately emphasized in resolutions of the General Assembly, the Economic and Social Council and the United Nations Conference on Trade and Development. Foreign private capital flows and investment play an important complementary role in the

economic development process, through the transfer of resources, managerial and administrative expertise and technology to the developing countries, and the expansion of productive capacity and employment as well as the establishment of export markets. The growth of investment flows from developed to developing countries depends, to a large extent, on the international investment climate. The prevention or elimination of international double taxation is a significant component of that climate. Under these circumstances, the necessity of updating and revising the United Nations Model Convention, after taking into account the changes brought about in international economic relations, cannot be overemphasized.

37. The basic objectives behind the update and revision of the United Nations Model Convention are establishing fiscal guidelines for trade liberalization and expansion with a view to releasing additional resources for sustainable growth and promoting tax harmonization. In the light of these objectives, the work of the Group of Experts is reflected, first, in the modifications brought about, over the years, in the model conventions of parallel organizations; second, in recent developed/developing country treaty practices, which have shown increasing sophistication; third, in the growth of an erudite critical literature in the field of international taxation; and fourth, in the comments of those who have negotiated and administered tax treaties under the United Nations Model Convention and those who engage in international trade and commerce with developing countries.

38. Before considering the revision of the Model Convention, the Group of Experts considered a report prepared by the International Bureau of Fiscal Documentation (IBFD) entitled “The United Nations model in practice.” (ST/SG/AC.8/1997/L.3). The report was based on an extensive research project carried out by W. F. G. Wijnen and M. Magenta of the Bureau in which 811 concluded treaties for the period extending from 1980 (when the United Nations Model Convention was published) to 1 April 1997 were scrutinized to ascertain whether they had adopted the distinctive provisions of the United Nations Model Convention. Of these, 697 treaties had been concluded by developing countries with developed countries or other developing countries and 114 treaties had been concluded between developed countries. The report indicated that there are 27 provisions of the United Nations Model Convention that are not found in or differ from the corresponding provisions of the OECD Model Convention. The study covered 26 of those provisions to determine whether each was included in the 811 treaties concluded since 1980. The study found that 6 of the 26 United Nations provisions were included in the large majority of the treaties

concluded by developing countries. It was deemed relevant to point out that the changes to the OECD Model Convention and commentaries since 1980 had been technical in nature, involving issues of application and interpretation rather than matters of fundamental substance, and it was necessary to consider whether these changes could be found useful within the context of developing countries. Accordingly, the IBFD study compared the relevant provisions of the United Nations Model Convention with those of the OECD Model Convention and identified the trends in treaty formulation arising from that comparison.

39. The Group of Experts agreed that the bilateral tax treaties were being negotiated in an environment that was in constant evolution within a rapidly changing world. The revised United Nations Model Convention would provide excellent guidance to the developing and transitional economy countries in the negotiation process.

40. The Group of Experts proceeded to discuss major changes that had been effected in other model conventions and other matters that should be considered in upgrading the United Nations Model Convention. In this process, the major consideration before the Group of Experts has been whether the changes proposed would result in greater equitable redistribution of allocable income and corresponding taxes and would thus ensure optimum and rational resource mobilization among all participants in international economic relations.

41. The Group of Experts noted that some of the bilateral tax treaties for the avoidance of double taxation contained provisions regarding assistance in the collection of outstanding taxes from assets located in the other contracting State, in pursuance of provisions in article 26 of the United Nations Model Convention relating to exchange of information. It was decided that the matter could be examined at length and that specific proposals in this regard should be brought before the Group of Experts at its ninth meeting.

V. Technical training

42. The Group of Experts noted that the phenomenal growth of international trade, commerce and international capital movements created complex and intricate problems of assessment and collection of proper tax liability in respect of incomes generated by international transactions. Tax administrators from developing and transitional economy countries encounter considerable difficulties in understanding the controversial taxation issues involved in,

for example, transfer pricing mechanisms and innovative financial instruments.

43. The United Nations has proposed that six interregional workshops in international taxation be organized to improve the technical skills of tax administrators of developing and transitional economy countries, including practical methods and strategies for combating tax evasion. The workshops will utilize the case-study method as well as lectures by experts in international taxation and finance. These workshops will also present opportunities for the participants to share experiences and points of view on tax systems prevalent in their own countries. These workshops, which will be of one-week duration and include about 25 participants from about 10 to 15 neighbouring countries, are to be held at Abidjan (Côte d'Ivoire), Accra (Ghana), Buenos Aires (Argentina), Kuala Lumpur (Malaysia), Moscow (the Russian Federation) and New Delhi (India). The costs of organizing these workshops may be shared by the United Nations, UNDP, host countries and other donors.

44. The Group of Experts emphasized the need for coordination of the proposed technical assistance programme with the efforts of other organizations.

VI. Recommendations

45. Bearing in mind the imperatives of the mandate of the General Assembly to bring about the update and revision of the United Nations Model Double Taxation Convention between Developed and Developing Countries and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries and the Group of Expert's deliberations on diverse subjects, the Group of Experts have made the following recommendations, specified below.

46. Tax havens are indulging increasingly in competitive reduction in tax rates or are offering immunity from taxation in order to attract financial resources from developed and developing countries, leading to loss of revenues. Tax havens have also been utilized by persons engaged in socially and morally reprehensible activities, such as drug trafficking, smuggling and money laundering. The United Nations and other organizations should enhance world awareness of the fact of the continuance of the tax havens phenomenon. Developed, developing and transitional economy countries through bilateral tax treaty negotiations should exert pressure on tax havens to

exchange information so as to reduce their efficacy and the reason for their existence.

47. Some multinational enterprises, while dealing with their associated enterprises for sale of goods, services and debt-service charges, have, through transfer pricing mechanisms, created an artificial basis for the determination of taxable profits which has resulted in distortions of market mechanisms. The United Nations and other multilateral organizations, such as OECD, should adopt a consensual approach and provide guidelines and strategies for dealing effectively with this phenomenon.

48. Innovative financial instruments have brought about avoidable complications in the taxation systems of both the developed and the developing countries. Serious efforts should be made by the United Nations and other parallel organizations concerned with this problem to lay down simplified guidelines and suggest necessary changes in fiscal legislation to avoid loss of revenue.

49. The advice provided by the Ad Hoc Group of Experts on International Cooperation in Tax Matters to the Secretary-General in international taxation issues, and particularly in the revision of both the United Nations Model Double Taxation Convention between Developed and Developing Countries and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries, is indeed noteworthy. The publication of both documents has been mandated by the General Assembly during the 1998-1999 biennium, pursuant to the report of the Secretary-General on United Nations reform: measures and proposals in respect of the proposed programme budget for the biennium 1998-1999. The Secretary-General should ensure that the proper guidelines and provisions in the United Nations Model Convention and the Manual for the Negotiation of Bilateral Tax Treaties are consistent with the interests of developed, developing and transitional economy countries and improve internal income allocation. The Secretary-General should also ensure that the proposed guidelines in the revised publications are simplified to meet the needs of tax administrators from the above-mentioned groups of countries and reflect conditions in the evolving international taxation environment.

50. To further promote this process and in view of the fact that tax administrators in developing and transitional economy countries are experiencing difficulties in international taxation, the Secretary-General will organize in Africa, Asia and Latin America

interregional training workshops to strengthen national capacities in international taxation issues and the negotiation of bilateral tax treaties. These seminars will be organized with the support of voluntary contributions.

51. The Group of Experts recommended to the Economic and Social Council for the biennium that the ninth meeting of the Group of Experts take place in the first half of 1999, as envisaged in the proposed programme budget for the biennium 1998-1999, so that the report of the meeting might be submitted to the Council at its substantive session of 1999 (July).

Notes

¹ United Nations publication, Sales No. E.80.XVI.3 and Corr. 1

² United Nations publication, Sales No. E.79.XVI.3.



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**Implementation of the United Nations System-Wide Action
Plan on Drug Abuse Control**

Report of the Secretary-General

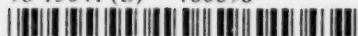
Summary

In resolution 48/112, the General Assembly requested that the United Nations System-Wide Action Plan on Drug Abuse Control be reviewed and updated on a biennial basis. At its first regular session of 1995, the Administrative Committee on Coordination requested its Subcommittee on Drug Control to review, strengthen and render operational the System-Wide Action Plan. The new Plan was to be based on multi-agency sectoral and subsectoral plans of action, which would be incremental and eventually cover the whole scope of drug control concerns. The first version of the new Plan, comprising six such plans of action, was submitted to the Economic and Social Council and the General Assembly in 1996 (A/51/129-E/1996/53).

The present report contains background information, a status report on the first six plans of action, and two additional plans of action.

^{*} A/53/50.

^{**} E/1998/100.



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I. Background

1. The United Nations System-Wide Action Plan on Drug Abuse Control was first mandated in 1989 by the General Assembly in resolution 44/141. In 1993, the General Assembly, in resolution 48/112, requested that the System-Wide Action Plan be reviewed and updated on a biennial basis and that the Commission on Narcotic drugs pay particular attention to reviewing the implementation and follow-up of the Plan. In subsequent resolutions, the General Assembly, the Economic and Social Council and the Commission on Narcotic Drugs called for the Plan to be strengthened and its presentation and usefulness improved.

2. In view of the difficulties encountered in efforts to develop a cohesive and useful plan over the years, the Administrative Committee on Coordination (ACC), at its first regular session of 1995, requested its Subcommittee on Drug Control to review, strengthen and render operational the United Nations System-Wide Action Plan on Drug Abuse Control through the elaboration of specific multi-agency sectoral and/or subsectoral plans of action for drug abuse control at the global, regional and subregional levels (ACC/1995/4). As a result, the ownership of the System-Wide Action Plan passed from the United Nations International Drug Control Programme (UNDCP) to the Subcommittee, thus making it a multi-agency exercise, and UNDCP, as the secretariat of the Subcommittee, was assigned the role of coordinating the elaboration of such plans of action and subsequent activities. The first version of the revised System-Wide Action Plan, which comprised six plans of action, was issued in 1996 in document A/51/129-E/1996/53.

3. In 1996, the Subcommittee subsequently identified four additional themes on which to elaborate plans of action and established the task forces to prepare them. Concern was expressed that the initial momentum might be diminishing, and it was stressed that the political will to make the System-Wide Action Plan work had to be fostered in all agencies. The Subcommittee also expressed concern that lack of adequate funding might hinder implementation of the plans included in the System-Wide Action Plan and agreed to update the existing plans to cater to fund-raising purposes. However, no action was subsequently taken to implement this decision.

4. Despite the enthusiasm with which the System-Wide Action Plan had been launched and acknowledgement that the process had itself contributed to enhancing inter-agency collaboration, by 1997 there was a consensus in the Subcommittee that, although the System-Wide Action Plan

reflected the activities being carried out by the various agencies, it had little or no impact on such activities, and that it therefore needed to be made more operations-oriented. The Subcommittee therefore decided to review the applicability of the System-Wide Action Plan to field level operations, and requested UNDCP to carry out an external evaluation of the System-Wide Action Plan process in 1998.

II. Status

A. First set of plans of action

5. The six original plans of action were prepared within the agreed time-frame with the active involvement of 10 agencies. The themes covered were:

- (a) Drug abuse prevention in the school environment;
- (b) Drug abuse prevention among children and youth in especially difficult circumstances;
- (c) Drug abuse prevention among rural youth;
- (d) Drug abuse prevention in the workplace;
- (e) Women and drug abuse: the gender dimension;
- (f) Assessment of drug abuse: data collection.

6. A monitoring exercise concerning the implementation of these plans has been initiated, but results are as yet incomplete owing to a delay in the response from some agencies. However, a general overview shows that the objectives of the plans have remained constant. The descriptions of the problems to be addressed also continue to apply in essence, having been adapted in some cases only to reflect new trends and mandates. In fact, system-wide concurrence on problem analysis and objectives has been very useful in promoting joint activities and in attracting new agency partners. The cases of the United Nations Children's Fund (UNICEF) and the Joint and Co-sponsored United Nations Programme on Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS) are noteworthy in this respect.

7. Activities for which funding had originally been available have for the most part either already been completed or are still ongoing. Status reports on those activities that have been deferred or cancelled indicate that this has mostly been due to a lack of resources. In only some cases have other reasons, such as civil unrest in a given country or the subsuming of activities into others, been given.

B. The process

8. While the dedication of some agencies to the principles of inter-agency collaboration has been manifested through the process of elaborating the new System-Wide Action Plan to date, it is also clear that the lack of participation by potential key agencies in both the Subcommittee and the System-Wide Action Plan has significantly reduced the system-wide nature of the exercise and the product. It is recognized that there are inherent difficulties in trying to link disparate planning tools and approval and practices in different entities. It would also appear that, despite the increasing priority being assigned to inter-agency coordination by the intergovernmental bodies, the same level of priority is not reflected in the level of resources available for these activities.

9. As mentioned in paragraph 4 above, in view of perceived inadequacies in the System-Wide Action Plan, the ACC Subcommittee on Drug Control requested UNDCP to undertake an external evaluation of the process in 1998. The results of the evaluation will be submitted to the Subcommittee at its sixth session, which is to be held in September 1998. A strategy for the future direction of the System-Wide Action Plan will then be elaborated, also taking into account the implications of the ongoing reform of the United Nations system, the priorities of Member States and the level of resources available for the exercise.

C. Second set of plans of action

10. The following two additional plans of action have been prepared since the previous report was submitted to the General Assembly and the Economic and Social Council (A/51/129-E/1996/53) and are to be seen as an integral part of the System-Wide Action Plan, together with the previous six:

- (a) Drugs, imprisonment and alternative sentencing;
- (b) Drug abuse and trafficking in conflict and post-conflict situations.

III. Additional plans of action

A. Drugs, imprisonment and alternative sentencing

11. The United Nations Interregional Crime and Justice Research Institute (UNICRI) and the Centre for International

Crime Prevention (CICP) (formerly the Crime Prevention and Criminal Justice Division) of the United Nations Secretariat acted jointly as task force manager in the preparation of the plan of action on drugs, imprisonment and alternative sentencing, in collaboration with UNDCP and the World Health Organization (WHO).

1. Statement of the problem

12. For many years, the international community has been debating the complex relationship between drug abuse and criminal behaviour and the ways of reducing, if not eliminating, negative consequences. Policy makers, scientists and researchers have identified different aspects of the problem: socio-economic factors (e.g., illegal market production, national and international trafficking, organized crime); systemic behaviour (e.g., lifestyles and violent behaviour of the addicts); and psychopharmacological effects of the drugs (e.g., aggressiveness, paranoia). In addition to drug law offences, a series of common crimes, both against the person and against property, are committed as direct or indirect consequences of drug abuse and trafficking.

13. The criminal justice system (police, prosecution, courts and correctional system) has to identify, prosecute, punish and rehabilitate:

- (a) Drug users who commit minor drug law offences (usually possession and sale of small quantities of an illicit substance);
- (b) Drug users who commit common offences, usually because of psychoactive effects of drugs (e.g., predatory crimes, violent crimes, traffic offences);
- (c) Drug users who commit offences such as theft in order to support their drug habit;
- (d) Offenders who are involved in the production, smuggling and distribution of drugs at a low level;
- (e) Offenders who commit major drug law offences (e.g., control of manufacture, smuggling) and, in most cases, other crimes (e.g., violent crimes, financial crimes, such as money laundering, corruption) in order to safeguard their trafficking networks and their assets.

14. In considering the sentences for these different offenders, the principle that the sanction must be commensurate with the seriousness of the crime should be emphasized. Types of sentences and correctional treatment vary from country to country, even in the same region, as well as according to the type of offence committed and the health condition of the offender (drug user or abstinent). In

many countries, the reaction against the continuous growth in the illicit drug market has resulted in the stiffening of penalties for drug selling and possession, including imprisonment. The ever-increasing number of persons arrested for drug offences and drug-related offences has led to an overloading of many criminal justice systems, resulting in congestion and delay of all types of cases. The problem is even more serious in countries where the practice is to remand those charged with drug offences in custody and/or impose prison sentences for minor drug offences. In many cases, these practices have been leading to prison overcrowding.

15. Greater use of treatment and alternative sentences for minor offenders would ease the burden placed upon the criminal justice system and possibly result in more effective administration of justice and allow often scarce resources to be devoted to preventing and controlling major drug trafficking. Treatment should also be available for serious offenders in conjunction with custodial sentences. Drug abusing offenders who have committed petty crimes may be subjected to diversion schemes or sentenced to alternative convictions (e.g., probation, community service orders) that often include a treatment programme. The comparison between the effectiveness of compulsory and voluntary treatment has been the subject of several evaluation studies and is still a matter of sometimes bitter debate. When considering treatment and rehabilitation, Governments need to balance a number of considerations, including law enforcement goals, the treatment needs of the offenders and other humanitarian requirements, and the protection of the human rights of both the offenders and the victims and the members of the community.

16. A particularly frightening phenomenon is the increasing number of juveniles, in several cases pre-adolescent children, particularly from inner cities, who are involved with criminal groups in the sale of illicit drugs. Specific strategies for their rehabilitation and social reintegration should be devised. Special attention should also be paid to the specific needs of female drug users and dealers.

17. As mentioned above, in the case of imprisonment, drug-abusing and drug-law offenders represent a large percentage of many prison populations (figures vary greatly, ranging from 5 to 90 per cent, as reported by Member States to UNDCP). Penitentiary systems are faced with a huge range of problems which go far beyond the already dramatic prison overcrowding. The presence of major drug offenders linked to criminal organizations requires measures of maximum security and poses a threat to the well-being of other inmates, as well as possibly generating risks of

corruption among the correctional personnel. Occasional and small-scale couriers and sellers are often foreigners – in some cases, clandestine immigrants – with deeply different cultural, religious and social backgrounds from the national inmates. The prison system faces new challenges to meet their needs and avoid the risk of discrimination and abuse by other prisoners and even prison staff. Further, drug-abusing inmates need health treatment and rehabilitation provided by specialized personnel. In some cases, special sections have been created within the correctional facilities, while, in other cases, drug-abusing inmates live with other prisoners. Again, the special needs of juveniles and females, such as separate accommodation, should be borne in mind.

18. Specific programmes may include drug detoxification or maintenance programmes, counselling, group therapy and occupational therapy. In addition to drug treatment, drug-abusing inmates require specific pre-release psychological and vocational programmes. Their reintegration into society is hindered by the double labelling of ex-offender and ex-drug addict, as well as by the objective loss of life skills and educational and professional abilities linked to drug dependence. Moreover, many of these inmates serve short sentences and cannot complete an effective treatment programme. There is a need for post-release assistance programmes, in order to guarantee their rehabilitation and support their social reintegration.

19. The penitentiary systems face two other serious problems linked to the presence of drug-abusing inmates:

(a) The abuse of drugs, particularly intravenous abuse, within prisons. Drugs reach the inmates by various means (manufactured in the facilities, handed over by visitors or by corrupt staff);

(b) The risk of transmission of the HIV/AIDS infection. Intravenous drug users constitute a group at high risk and their presence in a correctional setting requires close monitoring of their health and the health of other inmates who live in contact with them.

20. Finally, depending on relevant criminal provisions, inmates may try to conceal their addiction or, on the contrary, feign addiction. Many countries adopt compulsory drug testing policies, others consider compulsory testing an infringement of the rights of inmates. Correctional systems need comprehensive and flexible policies to respond to the challenge of guaranteeing the internal security and well-being of general prison populations as well as providing special populations with the appropriate treatment, while respecting the rights of inmates. Correctional personnel must be trained in the management of drug-abusing offenders and supported in resisting threats and corruption.

21. The scope and dimension of the issue requires a global response from the United Nations system through various means of action:

- (a) Collection and analysis of data;
- (b) Preparation of guidelines for correctional systems;
- (c) Elaboration of resource materials for correctional intervention strategies and programmes;
- (d) Design and implementation of model training programmes targeted at correctional personnel;
- (e) Design and implementation of model programmes for the treatment, rehabilitation and social reintegration of drug-abusing offenders and drug-law offenders;
- (f) Design and implementation of primary prevention programmes targeted at general prison populations;
- (g) Provision of technical advisory services;
- (h) Evaluation of the effectiveness of the programmes.

22. The United Nations can also facilitate international cooperation in criminal matters, including by assisting in the transfer of prisoners to their country of origin to facilitate the prosecution of drug traffickers, the transfer of criminal proceedings, and other forms of mutual assistance which enhance joint efforts against drug trafficking, such as joint efforts to trace, freeze and confiscate the proceeds of drug-related crime.

2. Objectives

23. The rehabilitation and social reintegration of drug offenders and drug-abusing offenders is a fundamental tool in the prevention and control of illicit drug abuse and traffic. The increasingly critical conditions of many correctional systems in terms of overcrowding, internal security and risks to the health of inmates produce heavy consequences in economic, social and health terms that affect the entire community. The United Nations system must establish a number of interrelated activities aimed at developing strategic alliances with the maximum number of Member States and other organizations and reaching the following main objectives:

- (a) To provide advice on legislation enacting an appropriate range of penalties for drug offences and drug-related offences of varying degrees of seriousness;

- (b) To plan and implement appropriate policies for the sentencing, treatment and rehabilitation of drug-abusing offenders;

- (c) To plan and implement appropriate policies and programmes for the professional qualification of correctional personnel charged with the management and treatment of the various profiles of drug offenders and drug-abusing offenders;

- (d) To plan and implement appropriate policies and programmes for the social reintegration of ex-drug offenders and ex-drug-abusing offenders.

24. The United Nations system is currently involved in only a few programmes related to this problem; consideration should be given by both United Nations bodies and Member States to the need to increase action in this area.

B. Drug abuse and trafficking in conflict and post-conflict situations

25. UNDCP acted as task force manager for the preparation of the plan of action on drug abuse and trafficking in conflict and post-conflict situations, in collaboration with the then Department for Development Support and Management Services (now part of the Department of Economic and Social Affairs) of the Secretariat.

1. Statement of the issue or problem to be addressed

(a) Inter-agency environment

26. Apart from the general thrust of United Nations priorities in peacekeeping and peacemaking, a number of initiatives have recently been aiming at post-conflict reconstruction and rehabilitation. For the United Nations system as a whole, study on the role of the United Nations system in post-conflict recovery, carried out by the Consultative Committee on Programme and Operational Questions (CCPOQ), is perhaps the most relevant. The need for multisectoral joint planning and programming is highlighted, and the elaboration of an integrated framework strategy is recommended for fund-raising purposes as well as for operational activities. The study is conclusive in terms of inter-agency cooperation, insisting that it go beyond the United Nations system and include national authorities, non-governmental organizations, the Bretton Woods institutions and donors.

27. A conclusion reached by an international colloquium on post-conflict reconstruction strategies, held in June 1995, was that integration of action rather than coordination in its traditional sense must be the overriding aim of all concerned. In order to enhance the system's capability to operationalize the relief-to-development continuum, CCPOQ also recognized the need to identify the system's capacity, comparative advantage and division of labour among relief and development partners.

28. The subject of post-conflict recovery, including the impact of armed conflict on children, was on the agenda of the first regular session of 1997 of ACC. The CCPOQ study mentioned above provided ACC with the following agreed fundamental principles for United Nations system action in post-conflict recovery:

(a) That the overarching goal is incremental improvement in the conditions of suffering human beings, bearing in mind the need for rapid, immediate and significant action in certain cases;

(b) That domestic commitment, fiscal and non-fiscal resources hold primacy of place in crisis responses, but should not be an excuse for lack of international support;

(c) That political negotiations must embrace economic and social considerations that build confidence at local and national levels;

(d) That foundations for reconciliation include a national consensus on accounting for past actions, a functioning justice system and adequate international monitoring;

(e) That protection of human rights, land, property and investment derive from a legal framework and an adequate security system;

(f) That building capacity at the local, community and national levels will reap huge future benefits;

(g) That a secure environment is unlikely to be created without disarmament efforts that are linked to job creation;

(h) That reintegration is entirely dependent on the availability of basic services and productive opportunities and attention to issues of reconciliation and resolution of conflict; and that strategies that save lives must be harmonized with strategies that build and protect livelihoods.

29. CCPOQ also agreed on the necessity of formulating jointly four generic products for effective crisis response:

(a) The political negotiating strategy that should be based on the effect of the crisis on the suffering of human

beings and include agreement on objectives for governance, participation, the rule of law and the economic and social prospects of reconciliation and recovery;

(b) The analysis of the in-country environment that should present an examination of the principal characteristics of the prevailing environment from the collective perspective of in-country international partners;

(c) The strategic framework that should present collective quantitative and qualitative understandings of problems and set the economic and social context for establishing priorities and making choices based on the country's potential to stand on its own, thereby creating a vision of future prospects;

(d) The response programme that should bring harmony to the planning, programming, financing and implementation processes in all interventions, thereby providing a joint work programme that integrates predictable domestic, fiscal, non-fiscal and other resources with catalytic external financial and other technical assistance support.

30. The plan of action on drug abuse and trafficking in conflict and post-conflict situations should be seen as part of the above context, feeding both into it and from it, insofar as drug control issues are concerned. While the importance of a totally integrated approach is recognized, it goes beyond the scope of this exercise to include other agencies or organizations outside the United Nations system, unless they are included as partners in individual activities.

(b) Drug control

31. Even at the pre-conflict stage, evidence of drug abuse or trafficking can provide an early warning signal. If these signals continue to be valid when the conflict erupts, it can be assumed that drugs are implicated within the conflict situation. In such a situation, it is therefore a priority to address the drug issue immediately. Where possible, parties to conflicts should be requested to comply with the international drug control conventions, especially with regard to drug abuse and trafficking.

32. In situations of conflict, the state of emergency tends to dictate the response of the international community. Armed conflicts, especially if prolonged, thoroughly disrupt the social fabric: livelihoods, families and communities, infrastructures, institutions and services. With these components of life no longer existent, despair can easily set in. Children and young people are especially vulnerable to drug abuse under such circumstances. In cases where conflict has long been part of daily life and where it is possible to obtain drugs, many people become dependent on

tranquillizers and cannot function without them. Combatants are under pressure and may take, or even be administered, psychoactive drugs in order to boost their fighting spirit or enable them to endure their role. Again, this is particularly so in the case of young and child soldiers.

33. The end of the conflict, by whatever means, constitutes a hiatus for most of those concerned. On the personal side, the traumatic experiences of the recent past coupled with the search for a new at least personal, if not social, ethnic or cultural, identity can easily contribute to drug abuse by both the civilian population and demobilized soldiers. The treatment and rehabilitation of drug abusers should therefore be integrated into reconstruction programmes where required.

34. Disrupted social and economic conditions also lead to a potential growth in crime, including drug trafficking. National institutions, if functioning at all, are usually too weak to cope with such situations, which can escalate at an alarming pace if ignored. Conflict situations are particularly conducive to smuggling, which may be carried out by organized criminals. Resulting black market trading can undermine reconstruction and even intimidate authorities into corruption. Neither is it unusual for at least one of the parties involved to be financing the conflict through drug money. This can lead to national economic dependence on such financing, which is difficult to redress once peace has been restored – if peace can be restored under such circumstances. Furthermore, reliance on drug money during conflict situations creates a changed ethic which, once peace returns, may well continue in the form of corruption. In certain circumstances, assistance might be conditional on compliance with the international drug treaties. This would be determined on a case-by-case basis, especially as regards illicit cultivation.

35. Unless drug control is part and parcel of post-conflict efforts towards rehabilitation and reconstruction, a major obstacle to such efforts is overlooked and this obstacle will impede progress in the development of political, economic and social stability. It is therefore essential that real and potential drug-control problems be investigated as a matter of routine in any conflict or post-conflict situation which is being addressed by the United Nations system.

2. Objectives

36. The objectives identified are as follows:

(a) To develop a knowledge base and information on best practices in order to provide a basic schema for input to international programmes;

(b) To put drug control firmly on the agendas of relief and reconstruction agencies, sensitizing them to recognize danger signals regarding drug abuse and trafficking;

(c) To encourage partnerships between the United Nations system and other relief and development agencies, non-governmental organizations, the international financial institutions and, in the post-conflict situation, the private sector;

(d) To channel technical cooperation, at the earliest possible stage, towards national capacity-building to counter the illicit cultivation of narcotic crops, trafficking and drug abuse. This would include the provision of legislative assistance, alternative development measures and law enforcement training, and the development of appropriate prevention, treatment and rehabilitation programmes.